

## Message Text

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45

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 OPIC-12 COME-00 TRSE-00 AID-20

IGA-02 XMB-07 FRB-02 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 DRC-01 INT-08 /161 W

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R 021744Z JAN 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 8274

UNCLAS LIMA 0023

E.O. 11652: N/A

TAGS: EMIN, EIND, PE

SUBJ: PERU EXPROPRIATES CERRO DE PASCO

REF: LIMA 9361

1. AT CEREMONIES CONDUCTED SIMULTANEOUSLY AT LIMA AND LA OROYA ON JANUARY 1, THE GOVERNMENT OF PERU FORMALLY EXPROPRIATED CERRO DE PASCO. BOTH CEREMONIES WERE PEACEFUL, AND THAT IN LIMA AT LEAST WAS SPARSELY ATTENDED BY A CROWD ESTIMATED BY EMBASSY OFFICERS AT NO MORE THAN 2,000. ALTHOUGH GOP STATEMENTS AND SPEECHES WERE HARSHLY CRITICAL OF CERRO, THERE WAS NO OFFICIAL CRITICISM OF THE UNITED STATES. USIS REPORTING PRESS COVERAGE BY SEPTTEL.

2. AS PREVIOUSLY INDICATED, SENIOR CERRO STAFF, INCLUDING LLOSA (PERUVIAN), KURLA (AMERICAN) AND ALLEN (CANADIAN) WILL REMAIN IN THEIR PREVIOUS POSITIONS, ALTHOUGH CERRO UNION LEADER JUAN CORNEJO GOMEZ, IN VIRULENT SPEECH, CALLED FOR OUSTER OF MOST GRINGOS, IN PARTICULAR ALLEN. NEW COMPANY WILL BE CALLED EMPRESA MINERA DEL CENTRO DEL PERU, OR CENTROMIN-PERU. IT WILL BE OPERATED AS AN INDEPENDENT ENTERPRISE UNDER THE SUPERVISION OF AN OFFICIAL ADMINISTRATOR TO BE APPOINTED BY THE GOP AND REPORTING DIRECTLY TO MINISTER OF ENERGY AND MINES.

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3. ALTHOUGH DECREE LAW 20492 BY WHICH CERRO WAS EXPROPRIATED WAS

SIGNED ON DECEMBER 28, 1973, OFFICIAL DATE OF EXPROPRIATION WAS JANUARY 1, 1974. UNOFFICIAL TRANSLATION OF PERTINENT PORTION OF DECREE IS AS FOLLOWS:

QUOTE. ARTICLE I - THE NATIONALIZATION OF THE MINING BUSINESS WHICH IS THE PROPERTY OF THE PERUVIAN BRANCH OF THE CERRO DE PASCO CORPORATION, INCORPORATE IN THE STATE OF DELAWARE OF THE UNITED STATES OF AMERICA, CONSTITUTING THE MINERAL-METALLURGICAL COMPLEX WHICH IT OPERATES IN PERU AND THE REST OF THE ACTIVITIES OF SAID BRANCH, IS DECLARED TO BE OF NATIONAL NECESSITY AND IN THE SOCIAL INTEREST, THE DATE OF EXPROPRIATION AND TAKING OF POSSESSION OF THE BUSINESS BY THE STATE BEING CONSIDERED ZERO HOURS OF THE FIRST DAY OF JANUARY, 1974. END QUOTE

4. THE VALUATION OF THE COMPANY IS TO BE DETERMINED IN KEEPING WITH PROCEDURES SET FORTH IN ARTICLES 11 AND 12, AN UNOFFICIAL TRANSLATION OF WHICH FOLLOWS:

QUOTE. ARTICLE 11: THE VALUE OF THE CONCERN THAT IS EXPROPRIATED SHALL BE ESTABLISHED BY APPLYING THE REGULATIONS CONCERNING THE VALUATION OF MINING ENTERPRISES AS APPROVED BY SUPREME DECREE NO. 033-73 EM/DGM, FOR WHICH PURPOSE THE MINISTRY OF ENERGY AND MINES, BY MEANS OF AN (EXECUTIVE) RESOLUTION, SHALL DESIGNATE EXPERTS IN THOSE SPECIALITIES NEEDED FOR THE EXPERTS' VALUATION OF THE CONCERN.

QUOTE. ALSO, THROUGH THIS EXECUTIVE RESOLUTION, HE SHALL NAME THOSE WHO WILL VERIFY THE ASSETS AND LIABILITIES OF THE FIRM, DETERMINING IF THERE EXISTS ANY WRITTEN REQUEST, EMBARGO, ANNOTATION OR ANY OTHER MEASURE WHICH RESTRICTS THE CONTROL OF THE FIRM OVER SUCH ASSETS WHICH ACTIONS THE JUDGE WHO FORMALIZES THE EXPROPRIATION SHALL TAKE INTO ACCOUNT SO THAT HE, AS APPROPRIATE, CAN ORDER THAT SUCH ASSIGNMENTS BE CONTINUED UNTIL ALL OBLIGATIONS AGAINST THESE ASSETS ARE TOTALLY CANCELLED. IN ALL CASES, THE JUDGE WILL ORDER THE CANCELLATION OF TAXES OR CHARGES, IN ORDER THAT THE ASSETS ARE TRANSFERRED TO THE EXPROPRIATOR FREE OF ANY RESTRICTIONS.

QUOTE. ARTICLE 12: ONCE THE OFFICIAL VALUATION IS APPROVED BY THE MINISTRY OF ENERGY AND MINES, IT SHALL INITIATE THE UNCLASSIFIED

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EXPROPRIATION PROCEDURE, WHICH (PROCEDURE) SHALL BE HANDLED WITH REGARD TO THAT ESTABLISHED IN LAW 9125, ITS AMPLIFICATIONS AND MODIFICATIONS, AND IN THIS DECREE LAW. END QUOTE

5. COPIES OF DECREE LAW 20492, AS WELL AS OF OTHER RELEVANT OFFICIAL STATEMENTS, ARE BEING POUCHED.  
BELCHER

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NNN

## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**Subject:** PERU EXPROPRIATES CERRO DE PASCO  
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